

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-445

December 12, 2003

MAINE PUBLIC UTILITIES COMMISSION
Investigation Mid Period Review of CMP's
ARP 2000 Service Quality Indices

ORDER APPROVING
STIPULATION

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

I. SUMMARY

In this Order, we approve a Stipulation entered into between Central Maine Power Company (CMP or Company), the Office of the Public Advocate (OPA) and the Industrial Energy Consumer Group (IECG) and thus modify the outage exemption criteria and reliability metrics contained in the Service Quality Index (SQI) of CMP's current Alternative Rate Plan (ARP 2000).

II. BACKGROUND

ARP 2000 calls for a SQI Mid-Period Review which provides that, on or before June 1, 2003, any party may request that the Commission modify or add to CMP's service quality indices for effect on January 1, 2004. The MPUC Complaint Ratio and the Call Center Service Quality (Customer Survey) indicators were specifically targeted by the parties to the ARP 2000 Stipulation for replacement during the Mid-Period Review. The parties to the ARP 2000 Stipulation agreed to work collaboratively with the Commission Staff to develop a new indicator or indicators that would replace these targeted indicators. If the parties were to reach agreement on this new indicator, it would take effect on January 1, 2004, assuming Commission approval.

To ensure that all the parties had an opportunity to pursue the collaborative effort contemplated in the ARP 2000 Stipulation and to provide parties with the opportunity to present any unresolved issues to the Commission in sufficient time for implementation on January 1, 2004, the Commission issued a Notice of Investigation initiating the SQI Mid-Period Review on August 21, 2002.¹ The Commission Staff began working with the parties to develop replacement measures for the PUC Complaint Ratio and the Customer Survey metrics in the Fall of 2002.

On May 28, 2003, the Advisory Staff filed its Bench Analysis which provided its preliminary views and recommendations in this matter. The Staff stated that based on the information shared during the collaborative process, the parties and the Advisory Staff were in agreement that the two metrics targeted for replacement were

¹ The Notice of Investigation provided interested persons with an opportunity to intervene in this matter. The OPA and the IECG filed timely petitions to intervene which were granted without objection

accomplishing their objectives and should be retained. The Commission Staff did recommend, however, that as part of the Mid-Period Review, the Commission modify the CAIDI and SAIFI outage exemptions from their current service-area base to a company-wide base. The Staff also proposed that the CAIDI and SAIFI outage exclusions apply only to those days in which 10% of all of CMP's customers are experiencing an outage rather than for the duration of the event. The Staff also proposed that the Business Call Answering exemption be modified along the lines of the CAIDI and SAIFI exemptions, so that only days where 10% or more of CMP's customers company-wide were without power be excluded. Finally, as part of its proposal to modify the exemption criteria, the Staff recommended that the CAIDI and SAIFI baselines be modified to ensure that CMP was not unfairly penalized as a result of the exemption modification.

Under the ARP 2000 Stipulation, when more than 10% of the customers in a service area are affected by outages, all outages occurring in that service area associated with that event are excluded for the duration of that outage from the CAIDI and SAIFI calculations. In addition, days when 10% of customers in a service area are experiencing an outage, are also excluded from the "speed of answering business calls" metric. For purposes of the customer service and reliability indices, the service areas are defined as: Augusta, Waterville, Dover, Farmington, Skowhegan, Rockland, Portland, Alfred, Lewiston, Bridgton and Brunswick. Accordingly to the Staff, the current service area exemption criteria was inappropriately excluding a large number of small-scale non-extraordinary events from CAIDI and SAIFI performance calculations.

The Public Advocate filed Comments on June 24, 2003 in support of the Bench Analysis recommendations. CMP filed its Response to the Bench Analysis on August 22, 2003, arguing that the service reliability indicators, including CAIDI and SAIFI, were working as intended by the ARP and should not be changed. If the Commission was inclined to review the CAIDI and SAIFI measures, however, CMP stated that any change should be neutral as to shifting any risk under the ARP. CMP argued that, if the CAIDI and SAIFI service quality indicators were to be modified, the Company proposed applying the 10% outage exclusion against seven (7) service areas rather than company-wide, applying the exclusion to all days associated with a 10% exclusion event, resetting the CAIDI and SAIFI baselines using the seven service area criteria, and conforming the Business Call Answering exclusion metric to the CAIDI and SAIFI metric. In addition, CMP proposed a new provision which would permit CMP to request permission from the Commission to exclude outage data from the CAIDI and SAIFI calculations when specific events, not otherwise excludable, are beyond the control of CMP and affect the Company's ability to maintain service quality.

On November 12, 2003, the Hearing Examiner issued an Examiner's Report which recommended modification of the outage exemption for the CAIDI, SAIFI and Business Call Answering metrics from the current service area basis to a company-wide basis but rejected the Advisory Staff recommendation to modify the direction component or the exemption criteria. Subsequent to the filing of the Examiner's Report, the parties

and the Advisory Staff held additional settlement meetings and on December 4, 2003 we received a Stipulation which resolved all issues in this matter.

III. DESCRIPTION OF THE STIPULATION

Under the terms of the Stipulation, the original exemption criteria of ARP 2000's SQI mechanism would be modified for purposes of calculating the Company's CAIDI, SAIFI and Business Call Answering performance from the current service-area basis to a company-wide basis. Under the revised exemption criteria, outages would be excluded when 10% or more of the customers within CMP's service territory were out of service. When the exclusion applied, all outages associated with the event would be excluded for the duration of the event. The Business Call Answering Metric would exclude those days when 10% or more of the Company's customers were affected by outages. In addition to these automatic exemptions, the Company could request permission to exclude data from the calculation of the CAIDI and SAIFI indicators on days when specific events, otherwise non-excludable, affected CMP's ability to maintain service quality and resulted in substantial damage to CMP's system.

In recognition of the changes to the CAIDI and SAIFI metrics (outage exclusions determined on a service territory basis rather than on 11 separate service center areas) and based on CMP's improved outage data collection approach and query tool developed during this proceeding, the parties to the Stipulation proposed that the CAIDI baseline should be changed from the current 2.58 hours/year to 2.32 hours/year and that the SAIFI baseline should be changed from the current 1.80 interruptions per year to 2.10 interruptions per year. CMP will calculate the CAIDI and SAIFI performance using tools such as its outage database and the query tool developed during this proceeding.

The modifications to the ARP 2000 SQI proposed in the Stipulation would take effect on January 1, 2004 but are not applicable to the measurement of CMP's service quality performance for calendar year 2003.

IV. DECISION

As stated in past cases, in deciding whether to approve a Stipulation we apply the following criteria:

1. whether the parties joining the Stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement; and
2. whether the process that led to the Stipulation was fair to all parties; and
3. whether the stipulated result is reasonable and is not contrary to legislative mandate.

See *Central Maine Power Company, Proposed Increase in Rates*, Docket No. 92-345(II), Detailed Opinion and Subsidiary Findings (Me. P.U.C. Jan. 10, 1995), and *Maine Public Service Company, Proposed Increase in Rates (Rate Design)*, Docket No. 95-052, Order (Me. P.U.C. June 26, 1996). We have also recognized that we have an obligation to ensure that the overall stipulated result is in the public interest. See *Northern Utilities, Inc., Proposed Environmental Response Cost Recovery*, Docket No. 96-678, Order Approving Stipulation (Me. P.U.C. April 28, 1997). We find that the proposed Stipulation in this case meets all of the above criteria.

The Stipulation was entered into by the Company, the OPA and the IECG. Thus, all of the parties to this matter have signed the Stipulation which was entered into after numerous collaborative workshops, technical conferences, and settlement conferences. All parties had a full and fair opportunity to participate in these conferences. We therefore, find that both criteria 1 and 2, as set forth above, have been satisfied.

We also find that the stipulated result is reasonable and is consistent with both the public interest and is with all relevant legislative mandates. Under the terms of the Stipulation the exemption criteria for CMP's CAIDI, SAIFI and Business Call Answering metrics would be modified so that only events which result in 10% of CMP's customers company-wide being out of service would be excluded in CMP's performance calculations. We find that this modification more closely aligns CMP's outage exclusion with the criteria enunciated by the Commission in *Maine Public Utilities Commission, Inquiry Into the Response by Public Utilities in Maine to the January 1998 Ice Storm*, Docket No. 98-026, Order at 35 (Dec. 29, 1998). The Stipulation also proposes to modify the CAIDI and SAIFI baselines, both in recognition of the modification of the exemption criteria and also based on CMP's improved outage data collection and query tools developed during this proceeding. We therefore, find that on an overall basis the results of the Stipulation are reasonable and consistent with the public interest. In addition, we find that all provisions of the Stipulation are consistent with all relevant legislative mandates.

Accordingly, it is

ORDERED

1. That the Stipulation submitted by Central Maine Power Company, the Office of the Public Advocate, and the Industrial Energy Consumer Group on December 4, 2003 is approved. A copy of the Stipulation is attached hereto as Appendix A and is incorporated by reference as part of this Order; and

2. That this Mid-Period Investigation of CMP's ARP 2000 Service Quality Index is now closed.

Dated at Augusta, Maine, this 12th day of December, 2003.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond

COMMISSIONER ABSENT: Reishus

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.